

## Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01

AGR-05 FEA-01 /106 W

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R 160934Z JUN 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 901

INFO USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 1 OF 2 TOKYO 8003

E.O. 11652: N/A

TAGS: EAID, JA

SUBJ: JAPAN'S FINANCIAL FLOWS TO DEVELOPING COUNTRIES IN 1974

SUMMARY. JAPAN'S TOTAL FINANCIAL FLOWS TO DEVELOPING COUNTRIES IN 1974 ON NET DISBURSEMENT BASIS FELL 49.3 PERCENT TO \$2,962 BILLION (0.66 PERCENT OF GNP) FROM 1973 LEVEL OF \$5.844 BILLION (1.44 PERCENT OF GNP).

OFFICIAL DEVELOPMENT ASSISTANCE REGISTERED MODEST NOMINAL INCREASE OF 11.4 PERCENT TO \$1.126 BILLION (0.25 PERCENT OF GNP), COMPARED TO \$1.

011

BILLION (ALSO 0.25 PERCENT OF GNP) IN 1973. OTHER OFFICIAL FLOWS DECREASED SUBSTANTIALLY BY 33.1 PERCENT TO \$788 MILLION FROM 1973 LEVEL OF \$1.178 BILLION, AND PRIVATE FLOWS PLUMMETED 71.5 PERCENT TO \$1.038 BILLION, LESS THAN ODA, FROM 1973 LEVEL OF \$3.647 BILLION. ONLY

GOOD NEWS WAS 40.8 PERCENT RISE IN 1974 ODA COMMITMENTS TO \$1.921 BILLION (0.42 PERCENT OF GNP), COMPARED TO \$1,364 BILLION (0.33 PERCENT

OF GNP) IN 1973. END SUMMARY.

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1. EMBASSY HAS RECEIVED FROM FONOFF COPY OF GOJ MEMORANDUM TO OECD/DAC

PREPARED FOR ANNUAL AID REVIEW. THIS MESSAGE, BASED ON STATISTICS CONTAINED IN THAT DOCUMENT, FORWARDS HIGHLIGHTS OF JAPAN'S

FINANCIAL FLOWS TO DEVELOPING COUNTRIES DURING 1974. WHERE AVAILABLE, YEN FIGURES ARE ALSO PRESENTED. EXCEPT WHERE NOTED OTHERWISE, FIGURES GIVE NET DISBURSEMENTS. EXCHANGE RATES USED ARE: 1973, 272.84 YEN-\$1: 1974, 291.49 YEN - \$1. MONEY UNITS ARE: DOLLARS, MILLION: YEN, BILLION

2. TOTAL FLOW OF RESOURCES TO DEVELOPING COUNTRIES (CONSISTING OF OFFICIAL DEVELOPMENT ASSISTANCE, OTHER OFFICIAL FLOWS, AND PRIVATE FLOWS):

1973 \$5,844 PERCENT OF GNP 1.44 1974 \$2,962.3 PERCENT OF GNP 0.66 PERCENT CHANGE 1973-74 -49.3

3. OFFICIAL DEVELOPMENT ASSISTANCE:

1973 \$1,011 Y275.8 PERCENT OF GNP 0.25 1974 \$1,126.2 Y328.2 PERCENT OF GNP 0.25 PERCENT CHANGE 1973-74 PLUS11.4 PLUS 19.0 OF WHICH,

A. GRANTS, BILATERAL AND MULTILATERAL:

1973 \$456.8 Y124.6 PERCENT OF ODA 45.2 1974 \$448.8 Y130.8 PERCENT OF ODA 39.9 PERCENT CHANGE 1973-74 -1.75 OF WHICH,

(I) BILATERAL GRANTS:

1973 PERCENT OF ODA 1974 PERCENT OF ODA PERCENT CHANGE 1973-74  
\$220.1 21.8 \$198.6 17.6 -9.8  
Y60 Y57.8 -3.7  
OF WHICH,

(A) TECHNICAL ASSISTANCE GRANTS:

1973 PERCENT OF ODA 1974 PERCENT OF ODA PERCENT CHANGE 1973-74  
\$57.2 5.7 63.5 5.6 PLUS10.9  
Y15.6 Y18.5 PLUS18.6

(II) MULTILATERAL GRANTS:

1973 \$236.7 PERCENT OF ODA 23.4 1974 \$250.2 PERCENT OF ODA 22.2  
PERCENT CHANGE 1973-74 PLUS 5.7  
OF WHICH,  
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(A) GRANTS TO UN AGENCIES AND OTHER MULTILATERAL INSTITUTIONS:

1973 \$22.6 Y6.2 PERCENT OF ODA 2.2 1974 \$37.6 Y11.0 PERCENT OF ODA 3.3 PERCENT CHANGE 1973-74 PLUS 66.3

(B) SUBSCRIPTIONS AND CONTRIBUTIONS TO INTERNAL DEVELOPMENT FINANCE INSTITUTIONS:

1973 \$214.1 Y58.4 PERCENT OF ODA 21.2 1974 \$212.6 Y62 PERCENT OF ODA 18.9 PERCENT CHANGE 1973-74 -0.7

B. LOANS:

(I) BILATERAL LOANS:

1973 \$545.1 Y48.7 PERCENT OF ODA 53.91 1974 \$681.8 Y198.7 PERCENT OF ODA 60.5 PERCENT CHANGE 1973-74 PLUS25.1 PLUS 33.6

OF WHICH,

(A) BILATERAL OFFICIAL DEVELOPMENT LOANS, EXCLUDING DEBT  
RELIEF:

1973 \$379.5 Y103.5 PERCENT OF ODA 37.5 1974 \$565.9 Y165 PER  
CENT OF ODA 50.2 PERCENT CHANGE 1973-74 PLUS49.1 PLUS 59.3

(B) CONSOLIDATION CREDITS (REFINANCING AND RESCHEDULING):

1973 \$74.6 PERCENT OF ODA 7.4 1974 \$54.6 PERCENT OF ODA 4.8  
PERCENT CHANGE 1973-74 -26.8

(II) MULILATERAL LOANS:

1973 \$9.1 Y2.5 PERCENT OF ODA 0.9 1974 -\$4.32 -Y1.3 PERCENT OF ODA  
PERCENT  
CHANGE 1973-74 -147.5

4. OTHER OFFICIAL FLOWS:

1973 \$1,178.9 AS OF PERCENT OF ODA 116.6 1974 \$788.9 AS PERCENT  
OF ODA 70.0 PERCENT CHANGE 1973-74 -33.1

OF WHICH,

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A. DIRECT INVESTMENT:

1973 \$569.8 1974 \$798.5 PERCENT CHANGE 1973-74 PLUS 40.1

B. EXPORTS CREDITS WITH MATURITIES OVER ONE YEAR:

1973 \$254 1974 \$8.3 PERCENT CHANGE 1973-74 -96.7

C. TRANACTIONS WITH INTERNAL ORGANIZATIONS:

1973 \$335.1 1974 -\$17.9 PERCENT CHANGE 1973-74 -105.3

5. PRIVATE FLOWS:

1973 \$3,647.4 AS PERCENT OF ODA 360.8 1974 \$1,038.5 AS PERCENT OF  
ODA 92.2 PERCENT CHANGE 1973-74 -71.5  
OF WICH

A. DIRECT INVESMENT:

1973 \$1,301.1 1974 \$705.4 PERCENT CHANGE 1973-74 -45.8

B. PRIVATE OVERWEAS LENDING:

1973 \$1,435.8 1974 \$169.4 PERCENT CHANGE 1973-74 -88.2

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C. PRIVATE EXPORT CREDITS:

1973 \$440.1 1974 \$148.7 PERCENT CHANGE 1973-74 -66.2

D. TRANSACTIONS WITH MULILATERAL AGENCIES:

1973 \$135.3 1974 \$15.1 PERCENT CHANGE 1973-74 -88.8

E. PRIVATE BILATERAL PORTFOLIO INVESTMENT:

1973 \$335 1974 0

6. ODA COMMITMENTS:

1973 \$1,364.5 Y372.9 PERCENT OF GNP 0.33 1974 \$1,920.7 Y559.8  
PERCENT OF GNP 0.42 PERCENT CHANGE 1973-74 PLUS40.8 PLUS 50.4

7. COMMENT. GOJ IS IN PROCESS OF ANALYZING REASONS FOR  
SHARP DROP IN TOTAL FLOWS. READILY APPARENT REASONS INCLUDE  
RECESSION AND TIGHT MONEY IN JAPAN, DECREASED COMPETITIVENESS  
OF JAPANESE GOODS AND LESSER ATTRACTIVENESS OF INVESTMENT  
OPPORTUNITIES ABROAD AS A RESULT OF FLUCTUATING EXCHANGE RATES,  
AND FINANCE MINISTRY RESTRICTIONS ON THE OUTFLOW OF CAPITAL TO EASE  
JAPAN'S BLANCE OF PAYMENTS PROBLEMS. END COMMENT.  
HODGSON

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## Message Attributes

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